

distributing such excess amount in accordance with the priority of payments set forth in the trust indenture.

Aircraft Lease Securitisation may voluntarily redeem the new notes at a price that equals the outstanding principal balance of the applicable notes multiplied by a scheduled percentage. On the closing date of the securitization, the scheduled percentage for the new notes was 101% for the class G-3 notes, and such percentage decreases gradually until May 15, 2010. On that date, the redemption price of the notes will equal the outstanding principal balance of the notes. In addition, Aircraft Lease Securitisation must pay any accrued but unpaid interest on the notes and any premium due to MBIA Insurance Corporation upon redemption of the notes. Aircraft Lease Securitisation may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then Aircraft Lease Securitisation may only redeem the notes in whole.

Maturity Date. The final maturity date of the notes will be May 10, 2032.

Collateral. The property of Aircraft Lease Securitisation includes the rights under the financial guaranty insurance policy. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of Aircraft Lease Securitisation, as well as by the interests of Aircraft Lease Securitisation's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the Aircraft Lease Securitisation aircraft will be placed in a collection account and paid out according to a priority of payments.

UBS Revolving Credit Facility

General. On April 26, 2006, our consolidated subsidiary, AerFunding 1 Limited entered into a non recourse senior secured revolving credit facility in the aggregate amount of up to \$1.0 billion with UBS Real Estate Securities LLC., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. The facility was further amended on May 8, 2007. The revolving loans under the UBS revolving credit facility are divided into two classes: class A loans, which have a maximum advance limit of \$830.0 million and class B loans, which have a maximum advance limit of \$170.0 million. As of May 31, 2007, we had \$41.4 million of loans outstanding under the UBS revolving credit facility. Borrowings under the UBS revolving credit facility can be used to finance between 66% and 79% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 74% and 80% of the lower of the purchase price and the appraised value of the acquired aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the UBS revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. Notwithstanding these restrictions, we believe that the UBS revolving credit facility provides us with significant flexibility to purchase and finance aircraft.

Interest Rate. Borrowings under the UBS revolving credit facility bear interest (a) in the case of class A loans, based on the eurodollar rate plus the class A applicable margin, or (b) in the case of class B loans, based on the eurodollar rate plus the class B applicable margin. The following table sets

forth the applicable margin for the two classes of the UBS revolving credit facility during the periods specified:

	Class A	Class B
Borrowing period(1)	1.35%	3.75%
First 180 days following conversion	2.10%	4.50%
From 181 days to 360 days following conversion	2.60%	5.00%
From 361 days to 450 days following conversion	2.85%	5.25%
From 450 days to 541 days following conversion	3.10%	5.50%
Thereafter	3.35%	5.75%

- (1) The borrowing period is three years from May 8, 2007, after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.25% fee on any unused portion of the unused class A loan commitment and (b) a 0.50% fee on any unused portion of the unused class B loan commitment.

Payment Terms. Interest on the loans is due on a monthly basis. Principal on the loans amortizes on a monthly basis to the extent funds are available. All outstanding principal not paid during the term is due on the maturity date.

Prepayment. Advances under the UBS revolving credit facility may be prepaid without penalty upon notice, subject to certain conditions. Mandatory partial prepayments of borrowings under the UBS revolving credit facility are required:

- upon the sale of certain assets by a borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the UBS revolving credit facility;
- upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the UBS revolving credit facility from the proceeds of insurance claims; and
- upon the securitization of any interests or leases with respect to aircraft or aircraft engines financed with proceeds from the UBS revolving credit facility.

Maturity Date. The maturity date of the UBS revolving credit facility is May 8, 2013.

Cash Reserve. AerFunding is required to maintain up to 6.0% of the borrowing value of the aircraft in reserve for the benefit of the class A and B lenders. Amounts held in reserve for the benefit of the class A and B lenders are available to the extent there are insufficient funds to pay required expenses, hedge payments or principal of or interest on the class A and B loans on any payment date. The amounts on reserve are funded by the lenders.

Collateral. Borrowings under the UBS revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets.

Certain Covenants. The UBS revolving credit facility contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerFunding and its subsidiaries to:

- sell assets;
- incur additional indebtedness;
- create liens on assets, including assets financed with proceeds from the UBS revolving credit facility;
- make investments, loans, guarantees or advances;

- declare any dividends or other asset distributions other than to distribute funds paid to us out of the flow of funds under the UBS revolving credit facility;
- make certain acquisitions;
- engage in mergers or consolidations;
- change the business conducted by the borrowers and their respective subsidiaries;
- make specified capital expenditures, other than those related to the purchase, maintenance or conversion of assets financed with proceeds from the UBS revolving credit facility;
- own, operate or lease assets financed with proceeds from the UBS revolving credit facility; and
- enter into a securitization transaction involving assets financed with proceeds from the UBS revolving credit facility unless certain conditions are met.

AeroTurbine Calyon Loans and Facility

General. On December 13, 2006, AeroTurbine entered into an amended and restated senior credit agreement with Calyon and certain other financial institutions identified therein. Pursuant to this agreement, the total commitment of the revolving loan facility under the original senior credit agreement increased from \$171.0 million to \$220.0 million, and AeroTurbine repaid in full the senior secured term loan amounts outstanding under that agreement, as well as the junior secured term loan amounts outstanding under the related junior credit agreement. As of March 31, 2007, AeroTurbine had \$35.7 million outstanding under the Calyon revolving loan facility.

Interest Rate. Under the Calyon revolving loan facility, AeroTurbine can borrow revolving loans based on either LIBOR or ABR (which is a rate per annum equal to the greater of the prime rate in effect on such day and the federal funds effective rate in effect on such day plus 1/2 of 1%). Interest rates depend on the type of loan borrowed and AeroTurbine's debt-to-earnings ratio at the time of borrowing. Set forth below are the interest rates for the Calyon revolving loan facility.

	Amount outstanding at		Interest rate	
	March 31, 2007			
	(US dollars in thousands)		ABR Loans	LIBOR Loans
Revolving Loan Facility	\$	35,688	When AeroTurbine's Consolidated Leverage Ratio is less than 3.5:1	ABR + 0.0% LIBOR + 1.5%
	—	—	When AeroTurbine's Consolidated Leverage Ratio is equal to or greater than 3.5:1	ABR + 0.5% LIBOR + 2.0%
Total	\$	35,688		

Prepayment. Advances under the Calyon revolving loan facility may be prepaid without prepayment penalty. Mandatory prepayments of the Calyon revolving loan facility are required:

- if the aggregate principal amount of loans under the revolving loan facility exceeds the borrowing base; and
- upon the receipt of proceeds of any property or casualty insurance claim or any condemnation proceeding relating to any asset of the AeroTurbine or its subsidiaries.